



GOT

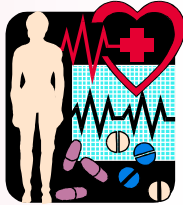
HIPAA



CONTROLS?

#### What is HIPAA?

The Health Insurance Portability and Accountability Act (HIPAA) was signed into law by President Clinton in 1996. HIPAA's full impact will be felt in two years when all health-care organizations, including state Medicaid programs, must comply with stringent regulations governing the electronic management of medical information or face severe penalties. These regulations are aimed at dramatically improving the privacy and confidentiality of medical patient information and standardizing the reporting and billing processes for all health and medical related information.



Compliance with these regulations will not come cheap. The U.S. Department of Health and Human Services (HHS) pegs the conversion and related privacy costs for the entire health-care industry at a conservative \$3.8 billion over five years. The BlueCross and BlueShield Association released a report last year that forecast costs going as high as \$43 billion for the same period. Other experts place the final bill at around \$12 billion.

#### Standardization Could Save Billions of Dollars

By stripping away many manual processes and using computer-to-computer transactions driven by electronic data interchange, health care providers could save as much as \$9 billion annually, while payers, such as federal and state governments, could save as much as \$26 billion per year.

***Internal Audit's role includes proactive activities such as providing helpful educational material (cash handling classes, audit classes, presentations) and now this new publication for management.***

#### What MIHS is doing to prepare for HIPAA

A committee has been assembled to review HIPAA requirements and to evaluate the impact on Maricopa Integrated Health System (MIHS). The committee was selected by the Information Technology (IT) Steering Committee. The committee will adopt a charter and will be responsible for developing policies and procedures to support HIPAA requirements. This same committee will also be responsible for implementing and enforcing the new policies and procedures.



Paul Wilde

While compliance with some HIPAA legislation is expected by August 2002, other legislation has yet to be finalized. This committee will continue to monitor HIPAA requirements as they are approved to determine their impact on MIHS. A top 20 list has been developed for this committee to focus on.

In addition to securing patient information on healthcare systems through login IDs and passwords, software vendors will also need to provide transaction logging for inquiry transactions as well as the regular update transactions. Since most of MIHS data processing systems are off the shelf packages, the Health Information Technology Department (HIT) will be responsible for ensuring software vendors' compliance with the applications that MIHS utilizes for its business applications. Paul Wilde, MIHS CIO estimates that only 25% of the compliance efforts will be system software related.

The remaining 75% of the effort will be spent on the development, implementation, and enforcement of policies and procedures designed to protect confidential patient information whether in electronic or hardcopy form. Procedures will also include corrective action plans for security breaches. Most of these procedures will apply to those MIHS business units that handle confidential patient information on a daily basis to do their jobs.

Ruth Ann Lange, MIHS HIT User Analyst and Susanne Frishman, MIHS Chief Compliance Officer, members of the MIHS HIPAA Committee, are also members of the Arizona Hospital Association's (AZHHA) HIPAA Task Force. It is the goal of the AZHHA HIPAA Task Force to help develop roll out procedures and processes and interpret the new laws. The AZHHA HIPAA Task Force will meet monthly beginning in January.

#### \$\$\$ Penalties for Non-Compliance \$\$\$



HIPAA is not to be treated lightly. Organizations could face fines from \$100 to \$250,000 for each instance and a maximum of ten years imprisonment for breach of patient confidentiality.

Contact Internal Audit for internal control advice at (602) 506-1585